

**New York State Department of Taxation and Finance**  
**Taxpayer Services Division**  
**Technical Services Bureau**

TSB-M-82 (11)C  
 Corporation Tax  
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1981 Legislation  
Section 184 of the Tax Law  
Allocation of Gross Earnings from Transportation and  
Transmission Services of Pipeline Corporations

Chapter 486 of the Laws of 1981 provides for the allocation of gross earnings from transportation and transmission services of pipeline corporations. The allocation of gross earnings from transportation and transmission services of such corporations is contained within the general allocation formula contained in section 184 of the Tax Law (Tax Law, §184(4)(a)):

Allocation generally--A transportation or transmission corporation shall determine its gross earnings from transportation and transmission services within the state (except as otherwise provided in section 184, e.g., aviation corporations engaged in the operation of vessels and telephone and telegraph corporations) by multiplying its gross earnings from transportation and transmission within and without the state by a fraction, the numerator of which is the taxpayer's mileage within the state and the denominator of which is the taxpayer's mileage within and without this state during the period covered by the report or reports required under Article 9 of the Tax Law.

With respect to pipeline corporations, "mileage" in the context of the above-stated provision, means miles of transportation units performed within and without New York State. With respect to natural gas pipelines, transportation units means the transportation of one cubic foot of gas over a distance of one mile (FT. /Mile).

A pipeline corporation whose transportation and transmission services are performed within and without New York State will allocate its total gross earnings from transportation and transmission services within and without New York State on the basis of the following fraction to arrive at allocated gross earnings from transportation and transmission services to be included in the §184 tax base.

<u>Miles of Transportation Units within NYS</u>	X	Total	=	Allocated Gross
Miles of Transportation Units within & without NYS		Gross		Earnings from
		Earnings		Transportation
		from Trans-		& Transmission
		portation &		Services Subject
		Transmission		to Tax
		Services		

A pipeline corporation which renders transportation and transmission services solely within the State of New York must allocate 100% of its gross earnings from transportation and transmission services to the State of New York.

Gross earnings from other than transportation and transmission services (interest, dividends, etc.) shall be allocated to New York State, pursuant to section 184(4)(e), in accordance with the rules and guidelines set forth by the State Tax Commission in The Matter of American Telegraph and Telephone Co., (11/13/81); The Matter of RCA Global Communications, Inc., (11/13/81); The Matter of ITT World Communications, Inc., (11/13/81); and The Matter of Overseas National Airways, Inc., (1/22/82).

The provisions under Chapter 486 of the Laws of 1981 are effective for all taxable periods beginning on or after January 1, 1981.